# *Evaluation of the Workers' Compensation Cost Recovery Program*

**Final Report**

*Evaluation and Data Development*
*Strategic Policy*
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# *Table of Contents*

**Executive Summary** ..... i

**Management Response** ..... vii

**1. Introduction** ..... 1

1.1 Program Description ..... 1
1.1.1 Workers' Compensation in the Federal Public Service ..... 1
1.1.2 The Cost Recovery Program for Workers' Compensation ..... 1
1.1.3 Program Objectives ..... 2
1.1.4 Recent Changes to the Canada Labour Code (2000) ..... 2

1.2 Funding to Departments ..... 3

1.3 Objectives for the Evaluation ..... 3

1.4 Data Sources for this Evaluation ..... 3

**2. Impacts on OHS Programs and Policies and Awareness** ..... 7

2.1 Occupational Health and Safety Programs (OHS) ..... 7

2.2 Case and Claims Management ..... 10

2.3 Impacts on Awareness and Workplace Safety ..... 11

2.4 Injury on Duty Leave ..... 11

2.5 Identification of Best Practices ..... 12

2.6 Average Days Lost per Claim ..... 12

2.7 Summary ..... 14

**3. Adequacy of the Funding Formula** ..... 15

3.1 Departmental Allocations Versus Costs ..... 15
3.1.1 Average Cost per New Claim ..... 17
3.1.2 Accumulation of Claims ..... 17

3.2 Summary ..... 18

**4. Impacts on Accident Rates and Costs** ..... 19

4.1 Accidents per 1,000 Full-time Equivalents (Ftes) – Funded And The Federal Public Sector ..... 19

4.2 Impacts ..... 22
4.2.1 Number of Accidents per 1,000 FTEs ..... 22

4.3 Summary ..... 23

**5. Conclusions** ..... **25**

5.1 Limits of Interpretation ..... 25

5.2 Development and Implementation of Occupational Health and Safety (OHS) Programs and Policies ..... 26

5.3 Adequacy of the Allocations ..... 27

5.4 Impact on Accident Rates and Costs ..... 28

**Appendix A: Total Number of Days Lost as a Result of Time Loss Accidents and the Total Number of Time Loss Accidents** ..... **29**

**Appendix B: Number of FTE's per Funded Department and Total Number of Accidents (Disabling, Non-Disabling and Fatal)** ..... **31**

**Appendix C: Interview Protocol and Departmental Representatives Interviewed** .. **33**

**Appendix D: Survey Questionnaire and List of Responding Departments** ..... **45**

# *List of Charts*


| | | |
|---|---|---|
| Exhibit 2.1 | Policies and Programs in Place on April 1, 1998 and as of September 2001, percent of Funded and Unfunded Departments | 9 |
| Exhibit 2.2 | Policies and Programs Expected to be in Place by End of 2002, percent of Funded and Unfunded Departments | 10 |
| Exhibit 2.3 | Average Days Lost per New Time Loss Claim for Funded Departments, 1995-96 to 1999-2000 | 13 |
| Exhibit 3.1 | Ratio of Allocation per FTE and Cost per FTE for Funded Departments, 1998-1999 and 1999-2000 | 16 |
| Exhibit 3.2 | Average Cost per New Claim – Funded Departments, 1995-96 to 1999-2000 ($) | 17 |
| Exhibit 4.1 | Average Number of Disabling Accidents per 1,000 FTEs – Funded Departments and Rest of Federal Public Sector | 20 |
| Exhibit A.1 | Total Days Lost as a Result of Time Loss Accident Claims | 29 |
| Exhibit A.2 | Total Number of New Time Loss Claim, Funded Departments – 1995-96 to 1999-2000 | 30 |
| Exhibit B.1 | Total Number of Work-related Injuries (disabling, non-disabling and fatal), Funded Departments – 1995-96 to 1999-2000 | 31 |
| Exhibit B.2 | Total Full Time Equivalents (FTEs) in Funded Departments, 1995-96 to 1999-2000 | 32 |

# *Executive Summary*

## A. Workers' Compensation in the Federal Public Service

### *1. Program Description and Context*

Federal employees who suffer a work-related illness or injury are eligible for compensation under the *Government Employees Compensation Act (GECA)*. The responsibility for adjudicating claims and making the compensation payments rests with the provincial workers' compensation boards. The costs, including an administration fee, are charged back to the federal government by the provincial and territorial workers' compensation boards.

Prior to the implementation of the Worker' Compensation Cost Recovery Program, HRDC-Labour administered the compensation program on behalf of federal departments and agencies (with the exception of some Crown corporations and agencies). Costs for workers' compensation were paid out of a Statutory Appropriation.

In June of 1998, the Treasury Board authorized HRDC-Labour to recover workers' compensation costs from all federal departments and agencies as of April 1, 1998. Twenty-five departments where claims were forecast to be in excess of $10,000 in 1998-99 were funded. The remainder was unfunded as their costs were not significant. Unfunded departments and agencies were not required to pay their compensation costs from their budget until their costs exceeded the pre-established threshold of $10,000 for 1998-99, $12,000 for 1999-2000 and $15,000 for 2000-01. HRDC-Labour was allocated $1.33 million to implement the new program. Total allocations for workers' compensation costs to both funded and unfunded departments and agencies amounted to $12.61 million over the first three years of the program.

### *2. Program Objectives*

The short-term objectives for the Workers' Compensation Cost Recovery Program include:

- Improving employer accountability;
- Increasing the incentive to establish good safety and health prevention programs, particularly return to work programs, that will lower costs;
- Increasing awareness on the part of senior and front line managers of the consequences of work-related injuries and illnesses.

The long-term objective of the program is to decrease the costs related to workers' compensation claims.

## B. This Evaluation

The objectives of this Evaluation of the Workers' Compensation Cost Recovery Program were to review:

- The impact of the program on accident rates and costs;[1]
- The adequacy of the departmental funding allocation formula;
- The extent to which departments and agencies have developed and implemented prevention programs and other initiatives aimed at reducing workplace accidents and illnesses;
- The impact of reduced workplace accidents and illnesses on days lost.[2]

Data sources for this evaluation included:

- **Key informant interviews.** ARC Applied Research Consultants conducted interviews with a total of 44 representatives from each of the 25 funded departments and agencies.
- **Survey of Funded and Unfunded Departments.** Survey questionnaires were sent by facsimile to a total of 60 federal departments and agencies. The sample, based on contact names provided by program staff at HRDC Labour, included all 25 funded departments and 35 unfunded departments. Responses were received from 26 departments, for a total response rate of 43 percent.
- **Program data.** Program staff provided detailed data on the cost and number of reported work-related accidents and illnesses in the federal government for fiscal years 1995-96 to 1999-2000.
- **Comparison data.** The comparison group for this evaluation was selected to be employees in the Federal Public Service, excluding the 25 funded departments. Data for the comparison group were obtained from HRDC Labour Research and Analysis Section and included the number of fatalities and disabling injuries and FTEs, for 1995 to 1999 (inclusive).

## C. Impacts on OHS (Occupational Health and Safety) Programs and Policies and Awareness

Evidence from the survey of funded and unfunded departments indicates that unfunded departments have been more proactive than funded departments at implementing return to work and claims management programs and policies since April 1, 1998 than funded

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[1] The lack of a comparison group for which and cost data were available and which were under the Canada Labour Code limited the analysis to accident rates only.

[2] Although initially the intent was to look at workplace productivity, it became evident that this analysis could not be performed due to lack of supporting data. The impact on days lost, however, could be evaluated and thus seemed an appropriate measure for this evaluation.

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departments. However, a larger proportion of funded departments had key occupational health and safety policies and programs in place prior to April 1, 1998 and so they were, in general, more proactive prior to April 1, 1998.

Few representatives from funded departments attribute the increase in work safety programs after April 1, 1998 to the Cost Recovery Program. Based on opinions expressed by departmental representatives from funded departments, there is little evidence that there has been a significant change in claims management approaches as a result of the Workers' Compensation Cost Recovery Program.

The average number of workdays lost per new time loss claim decreased in 1999-2000 by 11 percent. However, program data on days lost per new claim indicates that there is significant variability across departments. The five departments having the highest average number of days lost per claim represent approximately 47 percent of total Full-time Equivalents in funded departments. Additional years of data are required in order to confirm a trend in average days lost per time loss claim.

## D. Adequacy of the Funding Formula

This evaluation found evidence that departmental allocations do not keep pace with increasing costs resulting from carry over claims. Most departments exceeded their allocations in the second (18 of 25) and third year (18 of 25 departments) of the program. Program staff did not intend the allocations to keep pace with the rising costs resulting from accumulated claims, the expectation was that departments would improve case and claims management and thereby decrease costs associated with carry over cases. According to program staff, the departments should increase efforts to return workers to jobs.

At the time of calculating allocations, only two years of reliable data were available. As a result allocations do not necessarily reflect the long-term workers' compensation cost trends in departments.

Administrative data indicates that on average, the cost per new claim decreased by 2.8 percent in the first year of cost recovery. However, more data points are required to identify whether this decrease reflects an overall trend within funded departments.

## E. Impacts on Accident Rates and Costs

There is no conclusive evidence of a positive or negative impact on accident rates as a result of the Workers' Compensation Cost Recovery. Insufficient post-implementation data points is the likely reason.

However, according to program data, the number of accidents per 1,000 FTEs has declined by 13.7 percent since 1995 although there was an increase in 1999 over 1998. Again, more data points are required to identify this as a clear trend.

## F. Conclusions

### 1. Development and Implementation of OHS Programs and Policies

Based on views expressed by departmental representatives during interviews and the responses to the Survey of Funded and Unfunded Departments, there are indications that funded departments have increased their efforts related to returns to work (case management) and claims management. Nevertheless, there is no clear indication that these changes were the direct result of the Workers' Compensation Cost Recovery Program.

Program data indicate that the average number of days lost per new claim decreased by 11 percent in 1999-2000. This may be the result of more proactive management of cases and claims on the part of funded departments. For example, an active return to work policy may have a direct impact on the number of days of work lost for each claim. The decrease in the number of days lost per time loss claim may be an early indication of success of the return to work and claims management programs implemented by funded departments since April 1998. More data points will be required to identify this as a trend.

### 2. Adequacy of the Allocations

The analysis of allocations versus actual workers' compensation costs in funded departments indicate that allocations do not keep pace with actual costs. HRDC Program staff and representatives from funded departments agree that this is largely due to costs associated with carry over claims. According to program objectives, funded departments are expected to control their workers' compensation costs by implementing return to work, claims management and other work-related health and safety programs. As departments become more proactive at decreasing the number of carry over cases, it is expected that their workers' compensation costs will decrease.

Cost and allocation data and opinions of departmental staff indicate that a small number of departments should not have been included in the funded group. Funding to departments was based on cost data for only two years, 1995 and 1996. In the case of two departments, (Clerk of the Senate, and Solicitor General) the average costs for these years were unusually high due to a particular claim in each of these departments. Similarly, funding to other departments may have been more, or less, than the amount they would receive had allocations been based on an average across more years. As more data points become available, it is expected that allocations will be more closely aligned with actual costs of new claims.

There is some early indication of success of funded departments. The cost of new claims decreased by 2.8 percent in the first year of the cost recovery program, indicating that some departments may have been successful controlling costs.

During the first year of the program, 7 departments spent more than their allocation on workers' compensation. In the second and third year of the program, 18 departments spent more than their allocation. The overall ratio of allocation to costs in the second and third year of the program was 0.5 and 0.4 respectively. This may be an indication that funded departments are successful at decreasing their actual workers' compensation costs. Additional post-program data points will be required to identify this as a trend.

## 3. Impact on Accident Rates and Costs

Program data do not indicate any measurable change in the number of disabling and fatal accidents per 1,000 FTEs as a result of the Workers' Compensation Cost Recovery Program. This result is not robust because only a single year of post program data were available, making it impossible to discern any trends.

However, interviews with departmental representatives indicate that there is more awareness in funded departments of the dollar costs of work-related injuries and illnesses. Prior to the Cost Recovery Program, there was little incentive for managers to keep track of workers' compensation costs paid to workers in their departments. Cost recovery has encouraged managers to keep track of these costs and, as a result, they have become aware of the financial implications of work-related accidents and illnesses. This provides some indication that the program has met the objective of increasing awareness on the part of senior and front-line managers of the consequences (in terms of cost) of work-related accidents and injuries.

# *Management Response*

On the recommendation of the National Joint Council, the Labour Program of Human Resources Development Canada (HRDC) sought and received Treasury Board authorization in 1998 to recover provincial Workers' Compensation costs from all federal departments. This was a joint Treasury Board Secretariat (TBS)/ HRDC initiative aimed at increasing managerial accountability for the safety and health of employees, promoting better claim and case management and raising awareness of the costs associated with work-related injuries and illnesses.

Historically, costs associated with work-related injuries to employees of federal departments were paid out of HRDC's "Statutory Appropriation for Workers' Compensation" and remained as a charge against that Appropriation. On the other hand, Crown corporations have always been required to repay their provincial Workers' Compensation expenses for work related injuries suffered by their employees. It was abundantly clear, at least to those in the program, that the Crown corporations were more aware of the long-term consequences of workplace injuries.

This initiative provided for a three-year pilot with an evaluation to be carried out in the last year of the initiative to determine whether it produced the intended results. The evaluation has now been completed. HRDC, Labour Program have reviewed the results and support the findings. The report confirms that many employers were slow off the mark but in time it is expected that there will be an overall improvement in the management of claims with more emphasis on prevention through increased awareness and accountability.

Following the approval of this report by the Audit and Evaluation Committee, HRDC Labour will meet with TBS Officials to discuss the future of this initiative with a view to its continuation. The experience gained thus far has provided valuable groundwork that will go a long way to ensuring a solid commitment to a long-overdue practice.

# 1. Introduction

## 1.1 Program Description

### 1.1.1 Workers' Compensation in the Federal Public Service

Under the *Government Employees Compensation Act (GECA)*, federal employees who suffer a work-related illness or injury are eligible for compensation. The responsibility for adjudicating claims and making the compensation payments rests with the provincial workers' compensation boards. The costs, including an administration fee, are charged back to the federal government by the provincial and territorial workers' compensation boards.

To be eligible for Workers' Compensation Benefits, the employee must be employed by a federal department or agency that has coverage for its employees under the GECA, the injury must be work-related and the claim for benefits must be approved by the provincial or territorial workers' compensation board. Compensation is provided for loss of wages where there is an approved lay-off or to reimburse medical expenses such as hospital, doctor or rehabilitation costs. Permanent disability may result in a pension being awarded, the size of which depends on the extent of the disability and the pre-injury earnings of the employee.

A study conducted by the Treasury Board's National Joint Council (NJC), *Special Committee on Benefits for Work-Related Illness or Injury in the Public Service* (1995) recommended that federal departments become responsible for payment of their workers' compensation benefits.

Prior to the implementation of the Worker' Compensation Cost Recovery Program, HRDC-Labour administered the compensation program on behalf of federal departments and agencies (with the exception of some Crown corporations and agencies). Costs for workers' compensation were paid out of a Statutory Appropriation.

### 1.1.2 The Cost Recovery Program for Workers' Compensation

In June of 1998, the Treasury Board authorized HRDC-Labour to recover workers' compensation costs from federal departments and agencies. HRDC-Labour was allocated $1.33 million in order to implement the new program. Total allocations for workers' compensation costs to both funded and unfunded departments and agencies amounted to $12.61 million over the first three years of the program.

All federal departments and agencies under GECA were included in the cost recovery initiative as of April 1, 1998. Twenty-five departments where claims were forecast to be in excess of $10,000 in 1998-99 were funded while the remaining were unfunded as their costs were not significant. Unfunded departments were not required to pay their compensation costs from their departmental budget until their costs exceeded the pre-established threshold of $10,000 for 1998-99, $12,000 for 1999-2000 and $15,000 for 2000-01.

An important component of the implementation process was a series of presentations given by HRDC-Labour staff to federal departments on the Cost Recovery Program and the importance of increased vigilance with regard to controlling the costs associated with workers' compensation. A training manual, *Managing Workplace Accidents and Injuries*, was developed by the Treasury Board Secretariat, with input from departments and HRDC Labour, and copies were given to departmental claims and case managers.

### 1.1.3 Program Objectives

The short-term objectives for the Workers' Compensation Cost Recovery Program include:

- Improving employer accountability;
- Increasing the incentive to establish good safety and health prevention programs, particularly return to work programs, that will lower costs;
- Increasing awareness on the part of senior and front line managers of the consequences of work-related injuries and illnesses.

The long-term objective of the program is to decrease the costs related to workers' compensation claims of departments under GECA.

### 1.1.4 Recent Changes to the Canada Labour Code (2000)

The *Canada Labour Code, Part II* was amended effective September 30, 2000. The objective of the amendments was to strengthen the internal responsibility system. This is expected to provide workplace partners with the tools they require to resolve their health and safety concerns rapidly, effectively and on their own.

One of the key changes relates to increased employer and manager responsibility. Employers and managers must exercise due diligence in preventing workplace accidents or illnesses, otherwise they will be held responsible.

Other important changes resulting from the amendments to the *Canada Labour Code (2000)* include a strengthening in an employee's right to refuse unsafe work. Health and

safety committees are now responsible for the investigation and resolution of complaints and the employer may take action if an employee abuses their right to refuse.

## 1.2 Funding to Departments

Cost recovery allocations for funded departments were calculated as the average cost of **new claims** for 1995 and 1996 plus 20 percent for provincial and territorial Workers' Compensation Board administration costs. Total funding provided to departments by Treasury Board for the Cost Recovery Program was $3.532 million in 1998-99, $4.057 in 1999-2000 and $5.021 million in 2000-01 and beyond.

## 1.3 Objectives for the Evaluation

The objectives of the Evaluation of the Workers' Compensation Cost Recovery Program were to review:

- The impact of the program on accident rates and costs;[3]
- The adequacy of the departmental funding allocation formula;
- The extent to which departments and agencies have developed and implemented prevention programs and other initiatives aimed at reducing workplace accidents and illnesses;
- The impact of reduced workplace accidents and illnesses on days lost.[4]

## 1.4 Data Sources for this Evaluation

### *Key Informant Interviews*

ARC Applied Research Consultants conducted interviews with a total of 44 representatives from each of the 25 funded departments and agencies. Interviews focussed on the claims and case management approaches of each department, workplace health and safety policies and programs, impacts on average days lost, and opinions on the overall impact of cost recovery on the key informant's department. Responses relating to key informants are treated on a per department basis. In all cases where more than one departmental representative was interviewed, there was agreement with regard to the issues addressed in the interview.

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[3] The lack of a comparison group for which FTE and cost data were available and which were under the Canada Labour Code limited the analysis to accident rates only.

[4] Although initially the intent was to look at workplace productivity, it became evident that this analysis could not be performed due to lack of supporting data. The impact on days lost, however, could be evaluated and thus seemed an appropriate measure for this evaluation.

One interviewee was new to the department and three department representatives stated that theirs were relatively new departments and they had not yet received a separate allocation.

The interview protocol and the names of departmental representatives interviewed may be found in Appendix A.

## Survey of Funded and Unfunded Departments

Survey questionnaires were sent by facsimile to a total of 60 federal departments and agencies. The sample, based on contact names provided by program staff at HRDC Labour, included all 25 funded departments and 35 unfunded departments. Responses were received from 26 departments, for a total response rate of 43 percent. The purpose of the survey was to obtain information on the occupational health and safety programs and policies in place prior to the implementation of cost recovery (April 1, 1998) as well as programs and policies implemented since April 1, 1998 for funded and unfunded departments. The data collected was used to identify any possible increase in the number of occupational health and safety programs and policies resulting from the implementation of cost recovery, as well as to identify possible explanations for changes in the number of accidents.

The questionnaire and list of responding departments may be found in Appendix B.

## Program Data

Program staff provided detailed data on the cost and number of reported work-related accidents and illnesses in the federal government for fiscal years 1995-96 to 1999-2000. Additional data on the number of Full-time Equivalents (FTEs) in most of the 25 funded departments were provided by Treasury Board, again for fiscal years 1995-96 to 1999-2000. Some funded departments do not report FTEs to Treasury Board and so data on FTEs for these departments were obtained from annual Departmental Performance Reports.

## Comparison Data

In order to assess the impact of the Cost Recovery Program on funded departments a comparison group is required. The choice of comparison group for this evaluation was determined based on information collected during key informant interviews. The determining factors in choosing the comparison group were;

- Employees must be covered by the *Canada Labour Code* since, according to departmental representatives from funded departments, changes to the Code have had a significant impact on how occupational health and safety issues are approached.
- The availability of data on the number of employees or FTEs.

Based on this consideration the comparison group for this evaluation was selected to be employees in the Federal Public Service, excluding the 25 funded departments. Data for the comparison group were obtained from HRDC Labour Research and Analysis Section and included the number of fatalities and disabling injuries and FTEs, for 1995 to 1999 (inclusive). We note that data for 1999 are preliminary. No data have been released for 2000 and so this evaluation addresses data from 1995 to 1999 only. Further, all federal departments governed by the *Canada Labour Code* may be subject to cost recovery for their workers' compensation costs if these costs surpass the threshold ($15,000 for 2000-01). The comparison group may have a partial effect due to cost recovery. There is thus an incentive for them to keep costs down so as not to cross the $15,000 threshold.

# 2. *Impacts on OHS Programs and Policies and Awareness*

## 2.1 Occupational Health and Safety Programs (OHS)

One of the key objectives of the Workers' Compensation Cost Recovery Program was to encourage departments and agencies to implement prevention programs and other initiatives aimed at reducing the number of work-related injuries and illnesses.

According to representatives from funded departments interviewed by Applied Research Consultants (ARC), spending on workplace safety actions and programs has increased in 10 funded departments since the implementation of cost recovery for workers' compensation. However, of the 10 departments reporting an increase in spending on occupational health and safety, two attributed the increase to changes in the *Canada Labour Code (2000)* and one to increased awareness of the importance of workplace safety and training within the department. No interviewees indicated the cost recovery program as the reason for the increase in departmental spending on workplace safety actions and programs.

Sixteen departmental representatives indicated that their department has increased workplace safety training since the implementation of cost recovery. Of these 16 departmental representatives, 9 believe that the increase in workplace safety training is the direct result of the recent changes to the *Canada Labour Code (2000)* and not cost recovery. Of the remaining 7 departmental representatives indicating an increase in workplace safety training, 4 attributed the change to increased awareness of workplace safety and 2 attributed the increase to their department's strategic plan.

There is some inconsistency in the responses provided by departmental representatives. If, according to departmental representatives, there has been an increase in workplace safety training, then this would suggest an increase in spending on workplace safety training. Six departments' representatives indicated an increase in workplace safety training but no corresponding increase in departmental spending on workplace safety training.

In the course of meetings and interviews with ARC, two departmental representatives from funded departments indicated that they have not been able to implement new workplace safety policies due to the lack of commitment from senior management. These individuals expressed frustration over not being able to implement policies because, in their view, senior management lacks the awareness and/or commitment to health and safety issues.

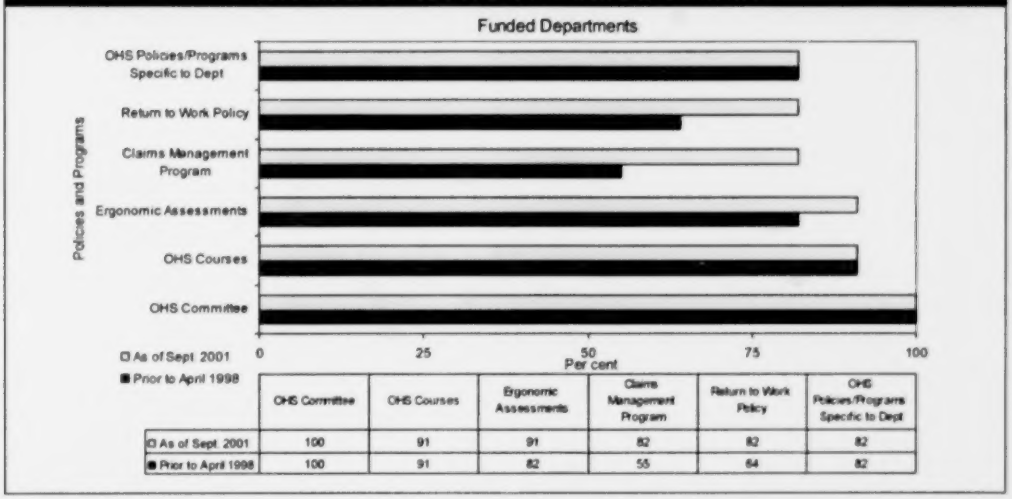
Representatives from funded departments interviewed indicated that many of the changes in approach to occupational health and safety were begun in anticipation of changes to the *Canada Labour Code* that came into effect in September 2000. In particular, the requirement for due diligence on the part of employers and managers.

The percentage of responding departments that reported having specific policies and programs in place prior to April 1, 1998 and as of September 2001 is summarized in Exhibit 2.1. As may be noted, all funded departments responding to the Survey of Funded and Unfunded Departments had an Occupational Health and Safety Committee in place prior to the implementation of the Workers' Compensation Cost Recovery Program. This is in contrast to 73 percent of unfunded departments. Fewer unfunded departments had key occupational health and safety programs in place prior to April 1998 than did funded departments. According to program staff at HRDC Labour, return to work policies and claims management programs are key to decreasing the cost of workers' compensation claims associated with carry over claims from previous years. Prior to April 1998 few responding departments had such programs in place. Fifty five percent of funded departments and 27 percent of unfunded departments had a claims management program in place prior to April 1998. Similarly, 64 percent of funded departments and 27 percent of unfunded departments reported having a return to work policy in place.

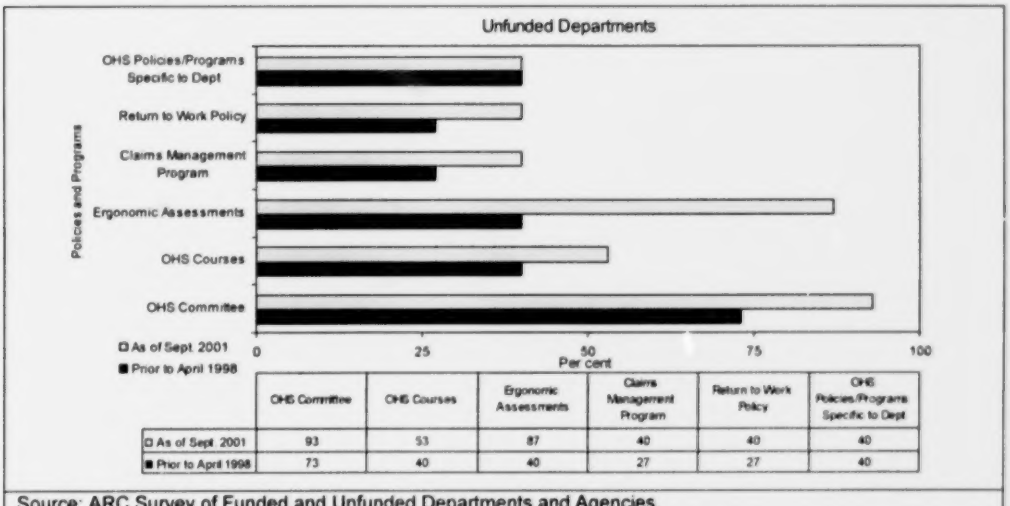
As may be seen in the exhibit, the percentage of funded and unfunded departments having key policies and programs in place increased between April 1998 and September 2001. The number of funded departments having return to work policies and claims management programs increased by 18 percent and 27 percent respectively. The number of unfunded departments having return to work policies and claims management programs increased by 13 percent to 40 percent of unfunded departments for both types of policies and programs. The exhibit also illustrates the fact that a higher proportion of funded departments reported having key occupational health and safety policies and programs in place prior to April 1,1998. Thus, in general, unfunded departments have been more proactive at establishing key policies and programs since April 1, 1998. However, we note that there was much less room for improvement in funded departments since most had already implemented many programs and policies prior to April 1998.

Unfunded departments reported a larger increase than funded departments in ergonomic assessment programs and in Occupational Health and Safety policies and programs specific to the department. However, this was because there was much more room for improvement in unfunded departments. Funded departments had, in most cases, already implemented many policies and programs prior to April 1998.

## Exhibit 2.1
Policies and Programs in Place on April 1, 1998 and as of September 2001, percent of Funded and Unfunded Departments




| | OHS Committee | OHS Courses | Ergonomic Assessments | Claims Management Program | Return to Work Policy | OHS Policies/Programs Specific to Dept |
|---|---|---|---|---|---|---|
| As of Sept. 2001 | 100 | 91 | 91 | 82 | 82 | 82 |
| Prior to April 1998 | 100 | 91 | 82 | 55 | 64 | 82 |




| | OHS Committee | OHS Courses | Ergonomic Assessments | Claims Management Program | Return to Work Policy | OHS Policies/Programs Specific to Dept |
|---|---|---|---|---|---|---|
| As of Sept. 2001 | 93 | 53 | 87 | 40 | 40 | 40 |
| Prior to April 1998 | 73 | 40 | 40 | 27 | 27 | 40 |

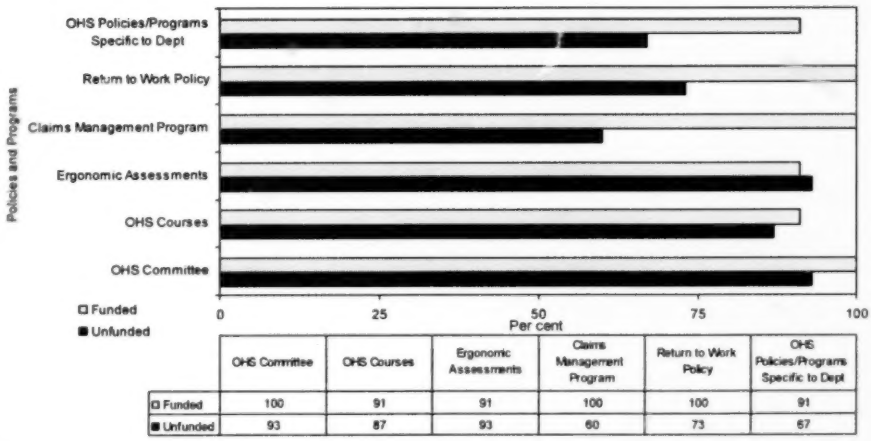
Source: ARC Survey of Funded and Unfunded Departments and Agencies.
Eleven funded departments and 15 unfunded departments responded to the survey.

Two respondents, both from funded departments, indicated specific policies and programs that they believe have resulted in a decrease in the number of work-related accidents and illnesses. These programs and policies are, critical task inventories and task hazard analysis, and a claims management program.

Exhibit 2.2 summarizes the policies and programs that respondents to the Survey of Funded and Unfunded Departments expect to have in place by the end of 2002. One hundred percent of respondents from funded departments expect to have a return to work policy and a claims management program in place. An increase in the number of return to work and claims management programs is also anticipated in unfunded departments.

According to respondents from unfunded departments, 60 percent expect to have a claims management program in place (an increase of 20 percent of responding departments) and 73 percent expect to have a return to work policy in place (an increase of 37 percent of responding departments). One of the key objectives of the Workers' Compensation Cost Recovery Program was to improve case and claims management in funded departments through return to work and claim management programs.

**Exhibit 2.2**
**Policies and Programs Expected to be in Place by End of 2002, percent of Funded and Unfunded Departments**




| | OHS Committee | OHS Courses | Ergonomic Assessments | Claims Management Program | Return to Work Policy | OHS Policies/Programs Specific to Dept |
|---|---|---|---|---|---|---|
| Funded | 100 | 91 | 91 | 100 | 100 | 91 |
| Unfunded | 93 | 87 | 93 | 60 | 73 | 67 |

Source: ARC Survey of Funded and Unfunded Departments and Agencies.
Eleven funded departments and 15 unfunded departments responded to the survey.

## 2.2 Case and Claims Management

According to HRDC Labour, one of the key means through which departments may control their workers' compensation costs is through more vigilant case and claims management. Prior to implementing the program, HRDC Labour staff made a series of presentations to funded departments on the importance of case and claims management. Based on the results of the Survey of Funded and Unfunded Departments, more departments are improving case and claims management.

Claims management relates to accident reporting and investigation. Case management involves monitoring the employee while they are off work, developing return to work plans and modifying the duties of an injured employee in order to facilitate their return to work.

Departmental representatives from funded departments were asked whether, in their opinion, cost recovery has an impact on the amount of time spent per claim by their department. Six respondents believe that the amount of time spent per claim has increased while ten believe there has been no change. The remaining 9 respondents were unable to answer. Interviewees were not able to estimate the amount of time currently

spent on managing a claim versus the time spent prior to April 1, 1998. Of the six who believe that they spend more time per claim, 2 indicated that the increased time spent was related to management asking more questions about each claim and one departmental representative indicated that more time was being spent on data entry.

Departmental representatives were also asked whether there had been any impact on the amount of time spent managing cases as a result of the Workers' Compensation Cost Recovery Program. Eleven interviewees believe that there has been no change in the amount of time spent managing cases as a result of cost recovery. Five respondents believe that the amount of time spent has increased. Of the 5 who believe there has been an increase in the amount of time spent on case management, one attributes it to increased vigilance, one to the return to work program and one to the fact that their department's insurance firm has forced them to do so.

## 2.3 Impacts on Awareness and Workplace Safety

Results of interviews with representatives from funded departments indicate that 9 interviewees believe that cost recovery has contributed to increased workplace safety within their department. However, 12 departmental representatives believe that cost recovery has had no impact on their department's approach to workplace safety. Of these 12 departmental representatives, four noted that any improvements in workplace safety were due to changes to *the Canada Labour Code (2000)*, particularly with respect to due diligence and manager responsibility.

Ten departmental representatives commented that the Cost Recovery Program has resulted in an increased awareness of the costs and issues related to workers' compensation and two noted that there has been a change in the behaviour of managers.

## 2.4 Injury on Duty Leave

Injury on Duty Leave (IODL) is an option available to injured employees that is part of the collective agreement. IODL is dependent on approval of the period of absence by the provincial Workers' Compensation Board and may continue indefinitely, but is to be reviewed by management at 130 working days. Once the department for which the injured or sick employee works decides that IODL is to be stopped, the employee is passed over to the appropriate provincial Workers' Compensation Board for direct payment of income replacement benefits.

Prior to the implementation of the Workers' Compensation Cost Recovery Program, employers had an incentive to get employees off IODL and onto workers' compensation since IODL was paid from the departmental budget and workers' compensation was not. It is believed that this resulted in departments doing little to reintegrate injured or sick employees once they began receiving workers' compensation since they had no incentive to do so. Since the implementation of cost recovery for workers' compensation costs, it is in the interest of departments to get sick or injured employees back to work as soon as possible, regardless of whether they are on IODL or workers' compensation.

In general, interviewees from funded departments did not see a link between workers' compensation and IODL. According to 8 there has been no change in the use of IODL since the implementation of the Workers' Compensation Cost Recovery Program, one interviewee cited statistics indicating a decrease in the per employee use of IODL and the remaining 16 interviewees were unable to respond.

In the case of two funded departments, although their use of IODL has not changed, their approach to absences from work as a result of work-related injuries or illnesses has become more proactive. These departments report that they have implemented Return-to-Work Policies and modified the duties of sick or injured employees in order to allow them to return to work sooner.

## 2.5 Identification of Best Practices

Best practices may serve to guide others in improving case and claims management. We asked representatives from funded departments to describe approaches to case and claims management that have been particularly successful. Few respondents had specific examples although some general ideas or themes are evident for case management.

- Three interviewees noted, based on their personal experience, that obtaining input from union representatives on programs and policies, particularly return to work policies, increases the chances of union acceptance of new approaches and the success of return to work cases.
- One departmental representative cited an example of an injured employee who was unable to continue to work in their previous position but who was retrained, at the department's expense, for another position. This interviewee believes that job retraining is a viable option to long-term or permanent disability.
- One departmental representative has used specialized software and technology in order to facilitate the return to work of an injured employee.

## 2.6 Average Days Lost Per Claim

Average Days Lost Per claim may be used as a measure of the effectiveness of claims and case management approaches and return to work policies implemented by funded departments. Workers' Compensation Cost Recovery can be expected to reduce the number of days lost due to accidents or illness. This should be true if the number of accidents is decreased and/or if the total number of days off work per time loss accident is decreased due to a faster return to work. Exhibit 2.3 summarizes the average number of days lost per new time loss accident for 1995-96 to 1999-2000 for funded departments. We have already noted in Chapter II of this report that no evidence can be found for a decrease in the number of work-related accidents and injuries. The average number of days lost as a result of time loss injuries or illnesses does not indicate any clear overall trend since data are available for only one year after program implementation. In fiscal year 1998-99, the year the Cost Recovery Program was implemented, the average number

of days lost due to time loss injuries across all funded departments was 109 days. This decreased by 11 percent to 97 days in 1999-2000. More years of data would be required in order to identify a trend. Appendix C summarizes the number of time loss accidents and the total number of days lost as a result of time loss accidents, by department.

We note that there is significant variability across departments in the average number of days lost per claim. Available data do not provide an explanation as to why some departments tend to have a very low average number of days lost per claim. A possible explanation may be the level of risk of serious injury in each department resulting in long-term absences. Available data do not provide an explanation as to why there is such variability. An examination of case files by department may provide some answers.

Departments having a very high number of average days lost per claim represent a large proportion of the total FTEs. The five departments with the highest number of average days lost per claim (Correctional Services, National Defence, Fisheries and Oceans, Veterans' Affairs and Canada Customs and Revenue) account for 47 percent of FTEs in funded departments for 1999-2000.

**Exhibit 2.3**
**Average Days Lost per New Time Loss Claim for Funded Departments, 1995-96 to 1999-2000**

| Department | 1995-1996 | 1996-1997 | 1997-1998 | 1998-1999 | 1999-2000 |
|---|---|---|---|---|---|
| Agriculture and Agri-food | 130 | 99 | 52 | 44 | 48 |
| Canada Customs and Revenue | 140 | 179 | 160 | 121 | 116 |
| Canadian Food Inspection Agency | N/A | N/A | 55 | 100 | 86 |
| Canadian Forces Personnel Support | 56 | 47 | 36 | 34 | 31 |
| Canadian Grain Commission | 50 | 20 | 33 | 27 | 14 |
| Citizenship and Immigration | 29 | 15 | 44 | 43 | 44 |
| Clerk of the Senate | 53 | 6 | 10 | 10 | 4 |
| Correctional Service of Canada | 215 | 227 | 276 | 281 | 276 |
| Environment Canada | 21 | 18 | 27 | 9 | 30 |
| Fisheries and Oceans | 149 | 170 | 178 | 245 | 206 |
| Health Canada | 33 | 31 | 11 | 42 | 34 |
| Heritage Canada | 86 | 61 | 60 | 73 | 63 |
| House of Commons | 121 | 83 | 74 | 21 | 32 |
| Human Resources Development Canada | 75 | 90 | 82 | 104 | 81 |
| Indian and Northern Affairs | 23 | 6 | 13 | 21 | 4 |
| Industry Canada | 10 | 13 | 40 | 52 | 50 |
| National Defence | 421 | 368 | 276 | 286 | 260 |
| National Research Council | 21 | 12 | 14 | 22 | 3 |
| Natural Resources | 20 | 62 | 29 | 14 | 10 |
| Public Works and Government Services | 91 | 62 | 55 | 40 | 50 |
| Royal Canadian Mounted Police (Civilian Staff) | 48 | 38 | 27 | 35 | 36 |
| Solicitor General | 137 | 14 | 21 | 2 | 0 |
| Statistics Canada | 45 | 19 | 38 | 23 | 26 |
| Transport Canada | 117 | 39 | 31 | 41 | 18 |
| Veterans Affairs | 104 | 155 | 82 | 186 | 187 |
| **Total for Funded Departments** | **122** | **106** | **98** | **109** | **97** |

Note that data for the Canadian Food Inspection Agency (CFIA) for 1995-96 and 1996-97 are unavailable because the CFIA did not exist prior to 1997-98.

## 2.7 Summary

The following summarizes evidence on impacts on OHS programs, policies and awareness.

- There is evidence that unfunded departments have been more proactive than funded departments at implementing return to work and claims management programs and policies since April 1, 1998 than funded departments. However, a larger proportion of funded departments had key occupational health and safety policies and programs in place prior to April 1, 1998.
- Two departmental representatives report having difficulty implementing work-related policies and programs due to a perceived lack of commitment on the part of their superiors.
- Few representatives from funded departments attribute the increase in work safety programs and April 1, 1998 to the Cost Recovery Program.
- Based on opinions expressed by departmental representatives from funded departments, there is little evidence that there has been a significant change in claims management approaches as a result of the Workers' Compensation Cost Recovery Program.
- Three departmental representatives expressed the view that IODL is a right of employees since it is part of the collective agreement of federal employees. We note that this interpretation of IODL on the part of these departmental representatives is not quite correct. IODL is to be granted in most cases but it is subject to conditions and to be managed in conjunction with the claim for workers' compensation benefits.
- Average days lost per new time loss claim decreased in 1999-2000 by 11 percent.
- Data on days lost per new claim indicates that there is significant variability across departments. The five departments having the highest average number of days lost per claim represent approximately 47 percent of total FTEs in funded departments.

# 3. *Adequacy of the Funding Formula*

## 3.1 Departmental Allocations Versus Costs

Allocations to funded departments for the 1998-99 fiscal year were based on the average total cost of new claims for 1995 and 1996, including Workers' Compensation Board Administration fees. A provision for accumulated or "carry over" claims was made in the allocations for subsequent years of the Cost Recovery Program. However, given the historical rates of increase in new claims, the annual increase of approximately 20 percent appears to have covered new claim costs only and not the "carry over" claims costs.

Comparing allocations for each department with the actual costs provides an indication of the risk of departments going over their allocations. Exhibit 3.1 summarizes allocations, actual costs and the ratio of allocations to actual costs for each of the 25 funded departments. A value of less than 1 in the right hand column of the exhibit indicates that the department spent more than its allocation on workers' compensation benefits. For the first year of the Cost Recovery Program, 7 departments spent more than their allocation, 15 spent less and 3 spent exactly their allocation. The overall ratio of allocations to actual costs, for all funded departments, was 1.2 for fiscal years 1998-99 indicating that overall funded departments spent less than their allocation. Departmental representatives from funded departments interviewed generally indicated that their workers' compensation costs did not go over their allocations in the first year of the program (1998-99).

For the second year of the program, the results are very different. Eighteen departments spent more than their allocation and only 7 have spent less than (or equal to) their allocation. The overall ratio of allocation to actual costs falls to 0.5. This is an indication that most funded departments spent more than their allocation on workers' compensation benefits. The results for the third year indicate that 18 departments spent more than their allocation and 7 spent less than their allocation. The overall ratio falls to 0.4.

Based on information provided by HRDC Program staff and departmental representatives from funded departments, two possible explanations exist for why so departments have gone over their allocations. Firstly, increases in number and/or cost of new accidents outpaced the increases in allocations. Secondly, the accumulation of costs from claims made in 1998-99 (for 1999-2000) and 1999-2000 (for 2000-01). Program staff believe that this is because departments may have been slow in establishing claims and case management programs in this new environment. In particular, Return to Work Policies and alternative work arrangements.

## Exhibit 3.1
Ratio of Allocation per FTE and Cost per FTE for Funded Departments, 1998-1999 and 1999-2000

| | Allocation | | | Actual Costs | | | Ratio of Allocation of Actual Costs | | |
|---|---|---|---|---|---|---|---|---|---|
| **Department** | **1998-1999** | **1999-2000** | **2000-2001** | **1998-1999** | **1999-2000** | **2000-2001** | **1998-1999** | **1999-2000** | **2000-2001** |
| Agriculture and Agri-food | 184,000 | 211,000 | 261,000 | 98,299 | 226,624 | 333,520 | 1.9 | 0.9 | 0.8 |
| Canada Customs and Revenue Agency | 378,000 | 434,000 | 537,000 | 380,969 | 821,816 | 1,113,872 | 1.0 | 0.5 | 0.5 |
| Canadian Food Inspection Agency | 25,000 | 28,000 | 35,000 | 104,654 | 242,544 | 457,662 | 0.2 | 0.1 | 0.1 |
| Canadian Forces Personnel Support | 99,000 | 114,000 | 141,000 | 59,385 | 212,295 | 229,922 | 1.7 | 0.5 | 0.6 |
| Canadian Grain Commission | 13,000 | 15,000 | 18,000 | 26,767 | 27,268 | 49,724 | 0.5 | 0.6 | 0.4 |
| Citizenship and Immigration | 26,000 | 29,000 | 36,000 | 42,667 | 89,095 | 69,310 | 0.6 | 0.3 | 0.5 |
| Clerk of the Senate | 14,000 | 16,000 | 20,000 | 911 | 1,356 | 3,823 | 15.4 | 11.8 | 5.2 |
| Correctional Service of Canada | 354,000 | 407,000 | 504,000 | 356,143 | 1,309,135 | 2,665,748 | 1.0 | 0.3 | 0.2 |
| Environment Canada | 30,000 | 35,000 | 43,000 | 5,410 | 65,541 | 125,612 | 5.5 | 0.5 | 0.3 |
| Fisheries and Oceans | 295,000 | 340,000 | 420,000 | 603,950 | 1,241,506 | 1,474,857 | 0.5 | 0.3 | 0.3 |
| Health Canada | 16,000 | 19,000 | 23,000 | 11,714 | 68,112 | 130,387 | 1.4 | 0.3 | 0.2 |
| Heritage Canada | 165,000 | 189,000 | 234,000 | 184,829 | 271,915 | 122,720 | 0.9 | 0.7 | 1.9 |
| House of Commons | 52,000 | 60,000 | 75,000 | 20,480 | 54,561 | 47,651 | 2.5 | 1.1 | 1.6 |
| Human Resources Development Canada | 108,000 | 124,000 | 154,000 | 111,524 | 380,598 | 704,309 | 1.0 | 0.3 | 0.2 |
| Indian and Northern Affairs | 13,000 | 15,000 | 18,000 | 6,783 | 7,724 | 7,131 | 1.9 | 1.9 | 2.5 |
| Industry Canada | 12,000 | 13,000 | 17,000 | 24,308 | 62,010 | 96,801 | 0.5 | 0.2 | 0.2 |
| National Defence | 1,074,000 | 1,236,000 | 1,528,000 | 755,961 | 1,659,546 | 2,431,486 | 1.4 | 0.7 | 0.6 |
| National Research Council | 12,000 | 13,000 | 17,000 | 5,489 | 18,080 | 57,480 | 2.2 | 0.7 | 0.3 |
| Natural Resources Canada | 54,000 | 63,000 | 77,000 | 11,332 | 24,800 | 81,604 | 4.8 | 2.5 | 0.9 |
| Public Works and Government Services | 213,000 | 244,000 | 302,000 | 34,320 | 235,090 | 273,850 | 6.2 | 1.0 | 1.1 |
| Royal Canadian Mounted Police (Civilian Staff) | 46,000 | 52,000 | 65,000 | 41,547 | 136,036 | 232,743 | 1.1 | 0.4 | 0.3 |
| Solicitor General | 14,000 | 16,000 | 20,000 | 2,070 | 339 | 792 | 6.8 | 47.2 | 25.3 |
| Statistics Canada | 40,000 | 46,000 | 57,000 | 5,699 | 108,098 | 107,709 | 7.0 | 0.4 | 0.5 |
| Transport Canada | 212,000 | 243,000 | 301,000 | 34,772 | 117,121 | 236,877 | 6.1 | 2.1 | 1.3 |
| Veterans Affairs | 83,000 | 95,000 | 118,000 | 139,374 | 359,330 | 635,338 | 0.6 | 0.3 | 0.2 |
| **Total for Funded Departments** | **3,532,000** | **4,057,000** | **5,021,000** | **3,069,357** | **7,740,540** | **11,690,926** | **1.2** | **0.5** | **0.4** |

Source: HRDC Labour Program data.

### 3.1.1 Average Cost per New Claim

An analysis of the average **cost per new claim** does not entirely explain the rising cost of workers' compensation claims. While 14 departments experienced a higher cost per claim in 1999-2000, overall across all funded departments, the cost per new claim decreased in 1999-2000 relative to 1998-99 by 2.8 percent. Again, the lack of additional data points and the nature of workers' compensation data make this result tentative.

**Exhibit 3.2**
**Average Cost per New Claim – Funded Departments, 1995-96 to 1999-2000 ($)**

| Department | 1995-1996 | 1996-1997 | 1997-1998 | 1998-1999 | 1999-2000 |
|---|---|---|---|---|---|
| Agriculture and Agri-food | 424 | 566 | 692 | 619 | 836 |
| Canada Customs and Revenue | 590 | 586 | 699 | 735 | 600 |
| Canadian Food Inspection Agency | - | - | 452 | 664 | 696 |
| Canadian Forces Personnel Support | 914 | 1,095 | 693 | 764 | 1,200 |
| Canadian Grain Commission | 684 | 909 | 3,015 | 1,316 | 240 |
| Citizenship and Immigration | 672 | 362 | 982 | 844 | 1,511 |
| Clerk of the Senate | 1,683 | 56 | 108 | 87 | 76 |
| Correctional Service of Canada | 578 | 549 | 740 | 527 | 643 |
| Environment Canada | 532 | -466 | 718 | 168 | 648 |
| Fisheries and Oceans | 1,028 | 697 | 704 | 1,112 | 752 |
| Health Canada | 407 | 291 | 225 | 191 | 343 |
| Heritage Canada | 762 | 681 | 595 | 840 | 714 |
| House of Commons | 608 | 277 | 286 | 397 | 550 |
| Human Resources Development Canada | 514 | 542 | 743 | 544 | 644 |
| Indian and Northern Affairs | 1,025 | 266 | 277 | 831 | 1,085 |
| Industry Canada | 138 | 239 | 284 | 594 | 378 |
| National Defence | 627 | 636 | 596 | 764 | 632 |
| National Research Council | 225 | 213 | 106 | 152 | 119 |
| Natural Resources | 260 | 1,551 | 298 | 226 | 505 |
| Public Works and Government Services | 741 | 369 | 392 | 310 | 740 |
| Royal Canadian Mounted Police (Civilian Staff) | 302 | 621 | 205 | 804 | 1,310 |
| Solicitor General | 980 | 117 | 322 | 428 | 23 |
| Statistics Canada | 633 | 453 | 735 | 680 | 346 |
| Transport Canada | 598 | 580 | 408 | 434 | 349 |
| Veterans Affairs | 476 | 530 | 470 | 1,063 | 1,308 |
| **Total for Funded Departments** | **614** | **585** | **630** | **712** | **692** |

Note: the Negative value for Environment Canada in 1996-97 is the result of a large refund for a claim paid in a previous year. At the time of writing, average cost per claim data were not available for the 2000-01 fiscal year.

Source: HRDC Labour program data.

### 3.1.2 Accumulation of Claims

The accumulation of costs from claims made in 1998-99 was the explanation provided by departmental representatives during interviews for why costs related to workers' compensation were increasing faster than their departmental allocations. According to departmental representatives interviewed, there is a tendency for the long-term costs associated with workers' compensation claims to cause total workers' compensation costs to "creep up" each year as a result of long term claims being accumulated. This belief is

supported by program staff at HRDC Labour. One of the short term objectives of the program is to improve case and claims management and thus decrease the number of cases carried over from previous years.

In the case of departments that have been able to maintain their workers' compensation costs at or below their allocation levels, a number of explanations emerged during interviews with departmental representatives. Firstly, some of these departments experienced unusually high workers' compensation costs in 1995 and/or 1996 (the years used in the calculation of the allocation amounts). One such department was the Clerk of the Senate. This department had one very large claim in 1996. This was, according to the department an unusual occurrence. According to departmental staff interviewed for this study, the Clerk of the Senate should not have been included in the group of funded departments since it has generally had very few claims for workers' compensation benefits and the costs of these claims were low before 1995 and 1996. According to departmental representatives interviewed, were it not for the one large claim, the Clerk of the Senate would have been well under the $10,000 threshold. Other such departments include the Solicitor General.

The explanation for why Transport Canada has maintained its costs below its allocation is in part related to departmental reorganizations. In 1997 the Coast Guard was moved from Transport Canada to the Department of Fisheries and Oceans. The pro-rated allocation for these employees, according to both these departments, was not entirely moved from Transport Canada to the Department of Fisheries and Oceans. Both departments agree that employees in the Coast Guard tend to make more frequent claims for workers' compensation because of the nature of their job.

## 3.2 Summary

The following summarizes the findings relating to the adequacy of the allocation formula.

- Departmental allocations do not keep pace with increasing costs resulting from carry over claims. Most (18 of 25) departments exceeded their allocations in the second and third year (18 of 25 departments) of the program. Program staff did not intend the allocations to keep pace with the rising costs resulting from accumulated claims, the expectation was that departments would improve case and claims management and thereby decrease costs associated with carry over cases. According to program staff, the departments should increase efforts at returning workers to the job.

- At the time of calculating allocations, only two years worth of reliable data were available. As a result, allocations do not necessarily reflect the long-term workers' compensation cost trends in departments. As more data points become available, allocations will better reflect the costs associated with new claims.

- Overall, the cost per new claim decreased by 2.8 percent in the first year of cost recovery. More data points are required in order to identify whether this decrease reflects an overall trend within funded departments.

# 4. *Impacts on Accident Rates and Costs*

## 4.1 Accidents Per 1,000 Full-time Equivalents (Ftes) – Funded And The Federal Public Sector

In order to identify the impact of cost recovery on the accident rates of the 25 funded departments we compared the number of accidents and fatalities per 1,000 Full-time Equivalent Employees (FTEs) in funded departments with the rest of the federal public sector (excluding the 25 funded departments).

For this analysis, we included only data on the number of fatalities and disabling injuries **(excluding non-disabling)** as per the advice of staff at HRDC-Labour Research and Analysis. According to staff at HRDC Research and Analysis, employers governed by the *Canada Labour Code* (employers under federal jurisdiction) are required to report all accidents, regardless of whether there are workers' compensation claims associated with these accidents. HRDC Labour staff felt that it was most appropriate to exclude non-disabling accidents from the federal public sector data since most (but not all) non-disabling accidents would not involve workers' compensation claims. The data collected by the Workers' Compensation Cost Recovery Program include data related to claims for workers' compensation, the majority of which are disabling or fatal, but the data also includes non-disabling accidents. In order to make the two data sources more comparable, the number of non-disabling injuries was excluded from data on federal jurisdiction employers and data on injuries requiring first aid only (no costs), and so generally nondisabling.

Exhibit 4.1 summarizes the results for each funded department and for the rest of the federal public sector. We note that most funded departments have historically had fewer disabling accidents per 1,000 FTEs than the rest of the federal public sector. Some readers may wonder why these departments were included as funded departments. The 25 funded departments were funded under the Workers' Compensation Cost Recovery Program as a result of the total **costs** of their workers' compensation claims rather than the total **number** of accidents. In implementing the program, HRDC Labour expected funded departments to control their costs through improved case and claims management, thereby lowering their costs.

As noted in the introduction, data limitations prevent a similar analysis of costs. In addition, results, particularly for fatalities, should be interpreted with caution. Fatalities tend to be random and relatively rare events making it difficult to identify a clear trend using a limited number of data points.

**Exhibit 4.1**
**Average Number of Disabling Accidents per 1,000 FTEs – Funded Departments and Rest of Federal Public Sector**

| Department | Claim type | 1995-1996 | 1996-1997 | 1997-1998 | 1998-1999 | 1999-2000 |
|---|---|---|---|---|---|---|
| Agriculture and Agri-food | Fatality | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | Disabling | 47.58 | 39.18 | 38.74 | 29.72 | 27.88 |
| Canada Customs and Revenue | Fatality | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | Disabling | 8.46 | 11.19 | 11.66 | 10.34 | 10.76 |
| Canadian Food Inspection Agency | Fatality | Not available | Not available | 0.00 | 0.00 | 0.00 |
| | Disabling | Not available | Not available | 27.00 | 34.73 | 40.50 |
| Canadian Forces Personnel Support | Fatality | Not available | Not available | Not available | 0.00 | 0.00 |
| | Disabling | Not available | Not available | Not available | 24.84 | 21.89 |
| Canadian Grain Commission | Fatality | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | Disabling | 29.83 | 19.43 | 33.51 | 25.22 | 31.34 |
| Citizenship and Immigration | Fatality | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | Disabling | 9.21 | 10.23 | 10.61 | 12.07 | 9.83 |
| Clerk of the Senate | Fatality | Not available | Not available | Not available | 0.00 | 0.00 |
| | Disabling | Not available | Not available | Not available | 0.00 | 0.00 |
| Correctional Service of Canada | Fatality | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | Disabling | 45.64 | 46.00 | 55.31 | 47.03 | 49.53 |
| Environment Canada | Fatality | 0.00 | 0.22 | 0.00 | 0.00 | 0.00 |
| | Disabling | 9.76 | 6.73 | 7.60 | 5.59 | 6.13 |
| Fisheries and Oceans | Fatality | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | Disabling | 42.53 | 45.44 | 51.28 | 49.60 | 47.86 |
| Health Canada | Fatality | 0.00 | 0.00 | 0.17 | 0.00 | 0.00 |
| | Disabling | 11.55 | 11.05 | 9.52 | 9.39 | 8.94 |
| Heritage Canada | Fatality | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | Disabling | 53.63 | 49.34 | 28.91 | 43.91 | Not available |
| House of Commons | Fatality | Not available | Not available | Not available | 0.00 | 0.00 |
| | Disabling | Not available | Not available | Not available | 38.87 | 47.03 |
| Human Resources Development Canada | Fatality | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | Disabling | 7.84 | 7.41 | 8.32 | 8.46 | 9.45 |
| Indian and Northern Affairs | Fatality | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | Disabling | 8.46 | 4.71 | 4.72 | 4.25 | 3.70 |
| Industry Canada | Fatality | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | Disabling | 8.66 | 6.34 | 8.02 | 7.23 | 6.92 |

## Exhibit 4.1
Average Number of Disabling Accidents per 1,000 FTEs – Funded Departments and Rest of Federal Public Sector

| Department | Claim type | 1995-1996 | 1996-1997 | 1997-1998 | 1998-1999 | 1999-2000 |
|---|---|---|---|---|---|---|
| National Defence | Fatality | 0.04 | 0.00 | 0.05 | 0.06 | 0.00 |
| | Disabling | 60.52 | 53.90 | 56.61 | 52.56 | 48.07 |
| National Research Council | Fatality | Not available | 0.00 | 0.00 | 0.00 | 0.00 |
| | Disabling | Not available | 13.56 | 9.06 | 11.02 | 10.87 |
| Natural Resources | Fatality | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | Disabling | 13.14 | 14.13 | 10.96 | 10.94 | 7.91 |
| Public Works and Government Services | Fatality | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | Disabling | 8.89 | 13.71 | 12.98 | 8.55 | 7.41 |
| Royal Canadian Mounted Police (Civilian Staff) | Fatality | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | Disabling | 23.98 | 21.39 | 14.93 | 12.28 | 14.29 |
| Solicitor General | Fatality | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | Disabling | 79.83 | 51.28 | 45.25 | 12.24 | 4.20 |
| Statistics Canada | Fatality | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | Disabling | 10.24 | 19.69 | 7.97 | 7.27 | 6.19 |
| Transport Canada | Fatality | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | Disabling | 21.02 | 43.03 | 21.82 | 15.88 | 12.91 |
| Veterans Affairs | Fatality | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | Disabling | 43.45 | 45.47 | 29.74 | 36.52 | 40.89 |
| **Average for Funded Departments** | **Fatality** | **0.01** | **0.01** | **0.01** | **0.01** | **0.00** |
| | **Disabling** | **25.19** | **25.02** | **24.51** | **21.29** | **21.73** |
| **Average for Rest of Federal Public Sector** | **Fatality** | **0.06** | **0.06** | **0.09** | **0.04** | **0.08** |
| | **Disabling** | **27.86** | **27.46** | **26.89** | **24.66** | **23.97** |

Note: Heritage Canada and Parks Canada became separate departments on April 1, 2000. Following the division of Heritage Canada, funding for workers compensation costs was not reallocated as it was post-implementation. The funds were allocated to Heritage Canada by the Workers' Compensation Cost Recovery Program. Heritage Canada then allocated approximately 95 percent of this allocation to Parks Canada.

## 4.2 Impacts

### *4.2.1 Number of Accidents per 1,000 FTEs*

Exhibit 4.1 summarizes the number of disabling and fatal accidents per 1,000 FTEs in each of the 25 funded departments and the rest of the federal public sector (excluding non-disabling). If cost recovery had an impact, the average number of disabling and fatal accidents per 1,000 FTEs would have declined from 1998 to 1999 relative to the average number of disabling accidents in the rest of the federal public sector. The average number of disabling and fatal accidents per 1,000 FTEs for the 25 funded departments increased by 2.1 percent from 1998 to 1999, the average for the rest of the federal public sector decrease by 2.8. More years of data are required in order to determine whether this represents a trend. Thus, funded departments were not more or less successful at decreasing the number of work-related disabling injuries than the rest of the federal public sector.

Explanations for the increasing number of accidents provided **by respondents** from funded departments during interviews included:

- Increased number of FTEs in funded departments;
- Increased awareness of occupational health and safety resulting in increased reporting of accidents;
- Ageing workforce - who tend to be more prone to work-related accidents and illnesses;
- Increased stress and so an increased number of stress-related claims.

Based on data received from Treasury Board and HRDC Labour there has been an increase in FTEs in funded departments of 1 percent. In addition, there is little agreement within the occupational health and safety community with the remaining explanations put forth by respondents from funded departments. For example, studies have shown that young, inexperienced workers are more prone to work-related accidents and injuries than older, more experienced workers. According to the Association of Workers Compensation Boards of Canada the time loss injury rate in 1998 was highest for workers in the 15 to 29 year age group with 2.9 time loss injuries per 100 workers. The incidence rate of time loss injuries decreases to 2.55 per 100 workers aged 30-54 and for those over 55 the incidence rate is 1.91 per 100 workers (HRDC Labour, Research and Analysis, 2000). Many provinces in Canada have work safety program directed at young workers for this reason. Increased awareness may lead to increased reporting but it may also lead to safer work practices and increased vigilance on the part of employees. Finally, Workers' Compensation Boards have tended to question stress related claims more frequently in recent years.

Program data indicates that there was an increase of approximately 3 percent in the number of disabling, non-disabling and fatal work-related accidents and illnesses in

funded departments between 1998 and 1999. However, the general trend in funded departments has been a decrease with the total number of work-related disabling, non-disabling and fatal accidents decreasing by 24 percent since 1995. The total number of work-related accidents (including disabling, non-disabling and fatalities) as well as the number of FTEs in each department for 1995-96 to 1999-2000 may be found in Appendix D.

## 4.3 Summary

The following is a summary of the key findings on workers compensation costs and the number of accidents per FTE.

- There is no conclusive evidence of a positive or negative impact on accident rates as a result of the Workers' Compensation Cost Recovery Program based on an analysis of program data. Reasons for this lack of impact are likely the result of insufficient post-implementation data points.
- Overall, the number of accidents per 1,000 FTEs has declined by 24 percent since 1995 although there was an increase in 1999 over 1998. However, more data points are required in order to identify this as a trend.

# 5. Conclusions

## 5.1 Limits of Interpretation

A number of issues limit the interpretation of results for this study. This section briefly describes these issues and how they limit the interpretation of results.

The data used for comparison with the performance of funded departments provides information on only one year post program (1999). These data do not include detailed information on the related costs of accidents and fatalities. Thus no comparative analysis of the costs of work related accidents and fatalities can be performed at this time. This limits the interpretation of results because costs would provide a more direct measure of the success of funded departments in meeting the objectives of the program. In particular, the program's impact on case and claims management approaches in funded departments cannot be assessed by analysing the number of accidents per FTE. The analysis of the number of accidents per FTE may provide an indication that departments have implemented programs and policies that have resulted in fewer accidents and illnesses and thus lower workers' compensation costs.

According to departmental representatives from funded departments interviewed early in this study, the *Canada Labour Code (2000)* has had a larger impact on their department's approach to occupational health and safety than the Workers' Compensation Cost Recovery Program. Based on this, it was decided that the comparison group used for this study must also be subject to the *Canada Labour Code*. In addition, data on the number of Full-time Equivalents was also required for this group. As a result of this, it was not possible to find a "perfect" comparison group in the sense that employees in the comparison group were employed under the *Canada Labour Code* and their employers were not subject to this cost recovery. All federal jurisdiction employers (i.e. governed by the *Canada Labour Code*) for which employment data are publicly available are included in the cost recovery program. Thus the comparison group chosen for this study are also included in the Workers' Compensation Cost Recovery Program although they were not funded. We note that with departments now on Cost Recovery, all Federal Jurisdiction employers are on some form of cost recovery for workers' compensation costs.

Interviews with departmental representatives, results of the survey of funded and unfunded departments and program data appear to be providing conflicting results. Results conflict because the information comes from very different sources. Interviews and the survey results provide data/information on the opinions or impressions of individuals whereas program data provides an actual measure of the number of accidents, costs, and average days lost per accident. This makes it difficult to draw strong conclusions at this time. Ideally, a multiple lines of evidence approach will serve to reinforce conclusions.

Data on work-related accidents and illnesses is subject to variability. Accidents are by their nature random and so a large number of data points are required in order to identify

clear patterns. When more data points will be available, a more thorough analysis will be possible. The analysis work in this evaluation gives only an indication of the current situation.

Representatives from funded departments were asked to estimate the impact of cost recovery on the time spent on case and claims management. These estimates must be interpreted with caution because in general, there are no records kept of the amount of time spent on a particular case or activity. For many departments the individual responsible for case or claims management currently was not the same person responsible prior to April 1, 1998. Further, nine departments indicated that case and claims management is decentralized to the regional offices. These nine departments were Agriculture and Agri-Food, Defense, Fisheries and Oceans, the National Research Council, RCMP, Transportation, and Veteran's Affairs. Other departments may also have decentralized case and claims management but interviewees did not explicitly cite this during interviews.

As a result of these limitations, strong conclusions cannot be drawn at this time. The Worker's Compensation Cost Recovery Program has been in place for three years (although this evaluation was able to assess only the first two years of the program). The program's objectives require changes in the approach to work-related accidents and illness that are expected to evolve over the long term. The experience of Crown Corporations such as Canada Post has shown that it may take as long as 7 to 10 years in order for consistent improvement in case and claims management to appear and for workers' compensation costs to decrease.

## 5.2 Development and Implementation of Occupational Health and Safety (OHS) Programs and Policies

Based on views expressed by departmental representatives during interviews and the responses to the Survey of Funded and Unfunded Departments, there are indications that funded departments have increased their efforts at returns to work (case management) and claims management. Nevertheless, there is no clear indication that these changes were the direct result of the Workers' Compensation Cost Recovery Program.

Despite the early signs of success, two departmental representatives have not been successful at implementing new policies and programs because of a lack of commitment on the part of their superiors. This may be an indication that not enough is being done to educate senior managers on the importance of occupational health and safety. Recent changes to the *Canada Labour Code (2000)* with regard to due diligence may encourage some change on the part of senior managers.

Program data indicate that the number of days lost per new claim decreased by 11 percent in 1999-2000. This may be the result of more proactive management of cases and claims on the part of funded departments. For example, an active return to work policy will have a direct impact on the number of days work lost for each claim. The decrease in the number of days lost per time loss claim may be early indication of success of the return to

work and claims management programs implemented by funded departments since April 1998. More data points will be required in order to identify this as a trend.

Despite indications of success of funded departments at decreasing the number of days lost per claim, there are a small number of departments that have had a consistently higher number of days lost per claim since 1995-96. It has been beyond the scope of this study to examine the reasons for this. Some possible explanations suggested by interviewees include:

- Job class of employees in the department. Some job categories may be subject to specific injuries that are more severe and/or require more time for recovery and rehabilitation;
- Labour relations within departments. During interviews some departments expressed frustration at the adversarial relationships that have developed between management and unions over the years limiting the implementation of proactive return to work policies and programs;
- Approach of individual departments and/or managers to case management. For example, one manager interviewed expressed the view that employees are entitled to 130 days of Injury on Duty Leave (IODL) and it is not up to them to deny their employees this right;
- Department infrastructure. A small number of department representatives interviewed expressed the view that the quality and age of buildings contributes to work-related injuries and illnesses.

In the case of one of these departments, Canada Customs and Revenue, the number of accidents per 1,000 FTEs has consistently been lower than the average for the rest of the public sector. However, the average days lost per claim has been consistently higher than the average number of days lost per claim for all funded departments. This is an indication that the department has been successful at preventing accidents from happening but less successful at getting injured or sick employees back to work.

## 5.3 Adequacy of the Allocations

The analysis of allocations versus actual workers' compensation costs in funded departments indicate that allocations do not keep pace with actual costs. HRDC Program staff and representatives from funded departments agree that this is largely due to costs associated with carry over claims. According to program objectives, funded departments are expected to control their workers' compensation costs by implementing return to work, claims management and other work-related health and safety programs. As departments become more proactive at decreasing the number of carry over cases, it is expected that their workers' compensation costs will decrease.

Cost and allocation data and opinions of departmental staff indicate that a small number of departments should not have been funded. Funding to departments was based on cost data for only two years, 1995 and 1996. In the case of two departments, (Clerk of the

Senate, and Solicitor General) the average costs for these years were unusually high due to a particular claim in each of these departments. Similarly, funding to other departments may have been more, or less, than the amount they would receive had allocations been based on an average across more years. As more data points become available, it is expected that allocations will be more closely aligned with actual costs of new claims.

There is some early indication of success of funded departments. The cost of new claims decreased by 2.8 percent in the first year of the cost recovery program, indicating that some departments may have been successful at decreasing the average cost per new claim.

During the first year of the program, 7 departments spent more than their allocation on workers' compensation. In the second and third year of the program, 18 departments spent more than their allocation. The overall ratio of allocation to costs in the second and third year of the program was 0.5 and 0.4 respectively. This may be an indication that funded departments are successfully decreasing their actual workers' compensation costs. Additional post-program data points will be required in order to identify this as a trend.

## 5.4 Impact on Accident Rates and Costs

Program data do not indicate any measurable change in the number of disabling and fatal accidents per 1,000 FTEs as a result of the Workers' Compensation Cost Recovery Program. This result is not robust because only a single year of post program data were available, making it impossible to discern any trends.

However, interviews with departmental representatives indicate that there is more awareness in funded departments of the dollar costs of work-related injuries and illnesses. Prior to the Cost Recovery Program, there was little incentive for managers to keep track of workers' compensation costs paid to workers in their departments. Cost recovery has encouraged managers to keep track of these costs and, as a result, they have become aware of the financial implications of work-related accidents and illnesses. This provides some indication that the program has met the objective of increasing awareness on the part of senior and front-line managers of the consequences (in terms of cost) of work-related accidents and injuries.

# *Appendix A: Total Number of Days Lost as a Result of Time Loss Accidents and the Total Number of Time Loss Accidents*

**Exhibit A.1**
Total Days Lost as a Result of Time Loss Accident Claims

| Department | 1995-1996 | 1996-1997 | 1997-1998 | 1998-1999 | 1999-2000 |
|---|---|---|---|---|---|
| Agriculture and Agri-food | 4,169 | 3,166 | 1,448 | 978 | 1,212 |
| Canada Customs and Revenue Agency | 6,179 | 4,834 | 4,947 | 4,251 | 3,592 |
| Canadian Food Inspection Agency | 0 | 0 | 1,370 | 2,208 | 2,141 |
| Canadian Forces Personnel Support | 1,056 | 838 | 726 | 772 | 613 |
| Canadian Grain Commission | 297 | 139 | 359 | 271 | 171 |
| Citizenship and Immigration | 317 | 149 | 666 | 518 | 531 |
| Clerk of the Senate | 160 | 11 | 19 | 19 | 8 |
| Correctional Service of Canada | 6,011 | 6,586 | 8,278 | 8,147 | 7,731 |
| Environment Canada | 335 | 286 | 376 | 138 | 425 |
| Fisheries and Oceans | 4,025 | 5,599 | 6,235 | 7,830 | 5,976 |
| Health Canada | 456 | 343 | 149 | 509 | 408 |
| Heritage Canada | 2,831 | 1,954 | 2,156 | 2,180 | 2,003 |
| House of Commons | 603 | 331 | 295 | 63 | 97 |
| Human Resources Development Canada | 1,807 | 2,163 | 2,382 | 2,389 | 2,094 |
| Indian and Northern Affairs | 226 | 59 | 116 | 193 | 43 |
| Industry Canada | 117 | 119 | 323 | 412 | 555 |
| National Defence | 16,014 | 13,245 | 11,298 | 10,866 | 9,370 |
| National Research Council | 168 | 134 | 111 | 153 | 25 |
| Natural Resources Canada | 235 | 803 | 317 | 200 | 73 |
| Public Works and Government Services | 1,999 | 1,423 | 1,209 | 832 | 845 |
| Royal Canadian Mounted Police (Civilian Staff) | 822 | 571 | 434 | 461 | 728 |
| Solicitor General | 274 | 27 | 84 | 3 | 0 |
| Statistics Canada | 446 | 394 | 376 | 340 | 259 |
| Transport Canada | 6,881 | 1,597 | 989 | 861 | 428 |
| Veterans Affairs | 1,553 | 1,856 | 1,142 | 2,042 | 2,432 |
| **Total for Funded Departments** | **56,981** | **46,627** | **45,805** | **46,636** | **41,760** |

Source: HRDC Program Data

## Exhibit A.2
Total Number of New Time Loss Claim, Funded Departments – 1995-96 to 1999-2000

| Department | 1995-1996 | 1996-1997 | 1997-1998 | 1998-1999 | 1999-2000 |
|---|---|---|---|---|---|
| Agriculture and Agri-food | 32 | 32 | 28 | 22 | 25 |
| Canada Customs and Revenue Agency | 44 | 27 | 31 | 35 | 31 |
| Canadian Food Inspection Agency | 0 | 0 | 25 | 22 | 25 |
| Canadian Forces Personnel Support | 19 | 18 | 20 | 23 | 20 |
| Canadian Grain Commission | 6 | 7 | 11 | 10 | 12 |
| Citizenship and Immigration | 11 | 10 | 15 | 12 | 12 |
| Clerk of the Senate | 3 | 2 | 2 | 2 | 2 |
| Correctional Service of Canada | 28 | 29 | 30 | 29 | 28 |
| Environment Canada | 16 | 16 | 14 | 15 | 14 |
| Fisheries and Oceans | 27 | 33 | 35 | 32 | 29 |
| Health Canada | 14 | 11 | 14 | 12 | 12 |
| Heritage Canada | 33 | 32 | 36 | 30 | 32 |
| House of Commons | 5 | 4 | 4 | 3 | 3 |
| Human Resources Development Canada | 24 | 24 | 29 | 23 | 26 |
| Indian and Northern Affairs | 10 | 10 | 9 | 9 | 10 |
| Industry Canada | 12 | 9 | 8 | 8 | 11 |
| National Defence | 38 | 36 | 41 | 38 | 36 |
| National Research Council | 8 | 11 | 8 | 7 | 9 |
| Natural Resources Canada | 12 | 13 | 11 | 14 | 7 |
| Public Works and Government Services | 22 | 23 | 22 | 21 | 17 |
| Royal Canadian Mounted Police (Civilian Staff) | 17 | 15 | 16 | 13 | 20 |
| Solicitor General | 2 | 2 | 4 | 2 | 1 |
| Statistics Canada | 10 | 21 | 10 | 15 | 10 |
| Transport Canada | 59 | 41 | 32 | 21 | 24 |
| Veterans Affairs | 15 | 12 | 14 | 11 | 13 |
| **Total for Funded Departments** | **467** | **438** | **469** | **429** | **429** |

# *Appendix B: Number of FTE's per Funded Department and Total Number of Accidents (Disabling, Non-Disabling and Fatal)*

**Exhibit B.1**
Total Number of Work-related Injuries (disabling, non-disabling and fatal), Funded Departments – 1995-96 to 1999-2000

| Department | 1995-1996 | 1996-1997 | 1997-1998 | 1998-1999 | 1999-2000 |
|---|---|---|---|---|---|
| Agriculture and Agri-food | 411 | 329 | 174 | 135 | 139 |
| Canada Customs and Revenue Agency | 505 | 449 | 497 | 443 | 454 |
| Canadian Food Inspection Agency | - | - | 123 | 148 | 179 |
| Canadian Forces Personnel Support | 92 | 72 | 94 | 78 | 74 |
| Canadian Grain Commission | 21 | 5 | 26 | 17 | 21 |
| Citizenship and Immigration | 36 | 38 | 38 | 45 | 39 |
| Clerk of the Senate | 23 | 10 | 12 | 9 | 10 |
| Correctional Service of Canada | 518 | 543 | 668 | 595 | 652 |
| Environment Canada | 46 | 32 | 34 | 27 | 30 |
| Fisheries and Oceans | 240 | 446 | 486 | 452 | 450 |
| Health Canada | 69 | 66 | 56 | 57 | 59 |
| Heritage Canada | 266 | 228 | 208 | 189 | 235 |
| House of Commons | 97 | 86 | 72 | 44 | 53 |
| Human Resources Development Canada | 183 | 166 | 177 | 175 | 203 |
| Indian and Northern Affairs | 27 | 15 | 15 | 14 | 13 |
| Industry Canada | 41 | 30 | 37 | 34 | 33 |
| National Defence | 1,438 | 1,106 | 1,049 | 880 | 820 |
| National Research Council | 40 | 42 | 29 | 36 | 36 |
| Natural Resources Canada | 68 | 56 | 41 | 42 | 32 |
| Public Works and Government Services | 188 | 164 | 147 | 92 | 83 |
| Royal Canadian Mounted Police (Civilian Staff) | 80 | 70 | 51 | 43 | 60 |
| Solicitor General | 19 | 12 | 10 | 3 | 1 |
| Statistics Canada | 51 | 101 | 40 | 37 | 32 |
| Transport Canada | 546 | 216 | 100 | 70 | 56 |
| Veterans Affairs | 130 | 137 | 88 | 109 | 128 |
| **Total for Funded Departments** | **5,135** | **4,414** | **4,272** | **3,774** | **3,892** |

Source: HRDC Labour Program Data

## Exhibit B.2

Total Full Time Equivalents (FTEs) in Funded Departments, 1995-96 to 1999-2000

| Department | 1995-1996 | 1996-1997 | 1997-1998 | 1998-1999 | 1999-2000 |
|---|---|---|---|---|---|
| Agriculture and Agri-food | 8,638 | 8,372 | 4,492 | 4,543 | 4,986 |
| Canada Customs and Revenue Agency | 40,074 | 40,116 | 42,543 | 42,738 | 42,108 |
| Canadian Food Inspection Agency | N/A | N/A | 4,555 | 4,262 | 4,420 |
| Canadian Forces Personnel Support | N/A | N/A | N/A | 3,140 | 3,380 |
| Canadian Grain Commission | 704 | 772 | 776 | 674 | 670 |
| Citizenship and Immigration | 3,909 | 3,713 | 3,580 | 3,729 | 3,966 |
| Clerk of the Senate | N/A | N/A | N/A | 488 | 495 |
| Correctional Service of Canada | 11,349 | 11,805 | 12,005 | 12,631 | 13,124 |
| Environment Canada | 4,713 | 4,609 | 4,475 | 4,650 | 4,894 |
| Fisheries and Oceans | 5,643 | 9,816 | 9,478 | 9,113 | 9,403 |
| Health Canada | 5,974 | 5,972 | 5,779 | 6,072 | 6,596 |
| Heritage Canada | 4,960 | 4,621 | 4,254 | 4,304 | N/A |
| House of Commons | N/A | N/A | N/A | 1,132 | 1,127 |
| Human Resources Development Canada | 23,348 | 22,396 | 21,278 | 20,691 | 21,484 |
| Indian and Northern Affairs | 3,190 | 3,183 | 3,181 | 3,294 | 3,509 |
| Industry Canada | 4,735 | 4,730 | 4,615 | 4,701 | 4,770 |
| National Defence | 23,746 | 20,521 | 18,496 | 16,685 | 17,037 |
| National Research Council | N/A | 3,097 | 3,202 | 3,266 | 3,311 |
| Natural Resources Canada | 4,264 | 3,963 | 3,740 | 3,839 | 4,043 |
| Public Works and Government Services | 13,158 | 11,962 | 11,328 | 10,761 | 11,199 |
| Royal Canadian Mounted Police (Civilian Staff) | 3,336 | 3,273 | 3,349 | 3,502 | 4,198 |
| Solicitor General | 238 | 234 | 221 | 245 | 238 |
| Statistics Canada | 4,980 | 5,129 | 5,018 | 5,090 | 5,169 |
| Transport Canada | 16,791 | 5,020 | 4,582 | 4,408 | 4,261 |
| Veterans Affairs | 2,992 | 3,013 | 2,959 | 2,985 | 3,130 |
| **Total for Funded Departments** | **186,742** | **176,317** | **173,906** | **176,943** | **178,909** |

Source: Treasury Board and Departmental Performance Reports

# *Appendix C: Interview Protocol and Departmental Representatives Interviewed*

**Evaluation of the Workers' Compensation Cost-Recovery Program**

**Key Informant Interview Guide**

*Ce document est aussi disponible en français*

**Name:** _____

**Position:** _____

**Department:** _____

**Date:** _____

**Duration:** _____

**Phone/e-mail:** _____

## Introduction

ARC Applied Research Consultants has contracted with HRDC-Labour and Evaluation and Data Development (EDD) to conduct an evaluation of HRDC's Workers' Compensation Cost Recovery Program implemented on April 1, 1998. The key issues for this evaluation are: policies and procedures to promote health and safety implemented since April 1, 1998; impacts on accident rates and compensation related to them; the adequacy of the cost recovery funding formula; and the overall impact of cost recovery on departments, including impacts on productivity.

Data collected through these interviews will remain confidential. Data will be aggregated in order to preserve confidentiality of individual responses.

## Section 1- Claims Management and Case Management

Claims management relates to accident reporting investigation. Case management relates to the monitoring activities, the development of return to work plans and modifying the duties of an injured employee in order to facilitate their return to work.

1. What is your estimate of the amount of time currently spent by your department per claim on claim management?

_____

_____

2. In your opinion what has been the impact of cost recovery on the amount of time spent per claim by your department on claim management?

   Increase ☐ Decrease ☐ DK/Not sure ☐

   IF INCREASE or DECREASE, please estimate the percentage change (increase or decrease)?

   _____

   _____

   _____

   _____

   _____

3. What is your estimate of the current amount of time spent by your department per case on case management?

   _____

   _____

4. In your opinion what has been the impact of cost recovery on the amount of time spent per case by your department on case management?

Increase ☐ Decrease ☐ DK/Not sure ☐

IF INCREASE or DECREASE, please estimate the percentage change (increase or decrease)?

_____

_____

_____

_____

5. Can you provide any specific examples of cases where your department has used specific policies implemented since April 1, 1998 that have decreased the WCB costs to your department? Specifically, can you provide examples of cases where your department has taken a proactive approach to returning an employee to work after an accident? (Identify any "Best Practices" used by your department)

_____

_____

_____

_____

_____

_____

## Section 2- Promoting Health and Safety in the Workplace

6. What types of actions or policies to promote health and safety did your department have in place prior to the implementation of cost recovery for Workers Compensation Benefits in April 1998?

7. What types of actions or policies to promote health and safety did your department implement after cost recovery (that is, after April 1, 1998)?

8. Are there any other actions or policies that your department plans to implement to further control workplace accidents or illnesses?

9. Has your department increased spending on workplace safety actions and programs since cost recovery?

Yes ☐ No ☐ DK/Not sure ☐

IF YES, how much more?

_____

_____

_____

10. Has your department increased workplace safety training since April 1, 1998?

Yes ☐ No ☐ DK/Not sure ☐

IF YES, please describe?

_____

_____

_____

## Section 3 - Productivity Gains

In addition to the potential direct financial benefits that can be derived from the cost-recovery program, there also exists the potential for spill-over benefits to accrue from increased productivity. These benefits reflect reduced payments for replacement workers and reduced indirect losses. Indirect losses may be measured in terms of impact on work flow within the department and the loss of the specific skills of the injured or ill employees. Practices designed to minimize the risk of work-related accidents and illness, and/or which contribute to reductions in productive days lost, may produce indirect benefits resulting from cost recovery.

11. Thinking back to situations where employees have been unable to perform their jobs as a result of a workplace accident or illness, how has your department dealt with the loss of these employees? (replaced with a temporary worker, reallocated tasks within the department)

_____

_____

_____

_____

12. Have you been forced to hire replacement workers for sick or injured employees? (note: we are only interested in those employees whose illness or injury is work-related)

Yes ☐ No ☐ DK/Not sure ☐

If YES, please estimate the annual cost to your department of hiring these extra workers. (note: please provide as much of a breakdown as possible for fiscal years 1995/96, 1996/97 ,1998/99, 1999/2000)

_____

_____

_____

13. Is this amount in Question 12 lower than before the implementation of cost recovery?

Yes ☐ No ☐ DK/Not sure ☐

If YES or NO, please explain.

_____

_____

_____

_____

_____

14. What has been the impact of temporary/replacement employees on workplace productivity? Can you provide an estimate of the lost time (productivity) resulting from hiring these temporary/replacement workers? (Time taken by other employees to train replacement, lack of experience of the temporary employee, etc.)

_____

_____

_____

_____

15. In situations where injured or ill employees have not been replaced with temporary employees, how significantly has the absence to this employee affected the workplace? Can you estimate the total productivity (time) lost due to the absence of the sick or injured employee? (note: we are only interested in situations where the absence of the employee is related to a workplace accident or injury)

_____

_____

_____

_____

_____

16. Does your response to Question 15 reflect an increase or decrease in comparison to the situation prior to cost recovery (April 1, 1998)?

Increase ☐ Decrease ☐ DK/Not sure ☐

If INCREASE or DECREASE, please explain.

_____

_____

_____

_____

_____

17. What types of work-related no-time-lost accidents tend not to require medical attention? (only those that are likely to occur in your department)

_____

_____

_____

18. How many of each accident type listed above occurred in your department prior to April 1, 1998?

_____

_____

19. How many of each accident type listed above occurred in your department after the implementation of cost recovery (April 1, 1998)?

_____

_____

20. How much time lost on the job do you estimate each of these types of accidents to represent? (Time lost could include such things as getting medical supplies from the first-aid kit, disruption of the workplace, trips to the infirmary or hospital etc.)

_____

_____

_____

## Section 4 - Overall Impact of Cost Recovery

In this section, we would like your perceptions of how HRDC's Workers' Compensation Cost Recovery Program has impacted your department.

21. Overall, how do you feel cost recovery has impacted workplace safety within your department?

    Increase ☐ Decrease ☐ DK/Not sure ☐

    If INCREASE or DECREASE, please explain.

    _____

    _____

    _____

    _____

    _____

22. Have there been any extraneous events (accidents, political events, etc.) that have resulted in your department's spending on WCB to exceed the allocated amount?

    Yes ☐ No ☐ DK/Not sure ☐

23. Has your department experienced an **increase** in the number of employees as a result of departmental reorganization since April 1, 1998? In particular, have parts of other departments been merged or moved to your department?

    Yes ☐ No ☐ DK/Not sure ☐

    IF YES, please estimate the resulting **increase** in the number of employees within your department.

    _____

24. Has your department experienced a **decrease** in the number of employees as a result of departmental reorganization since April 1, 1998? In particular, have parts of your department been moved to another department?

    Yes ☐ No ☐ DK/Not sure ☐

    IF YES, please estimate the resulting **decrease** in the number of employees within your department.

    _____

25. In your experience how is Injury on Duty Leave (IODL) related to Workers Compensation Benefits? Has the use of IODL changed since the implementation of cost recovery?

_____

_____

_____

_____

_____

26. Do you have any other comments on HRDC's Workers' Compensation Cost Recovery Program that you would like to share with us at this time?

_____

_____

_____

_____

_____

**Thank you for your comments.**

| Name | Department | Title |
|---|---|---|
| Marcel Beauchamp | Agriculture and Agri-food Canada | Advisor, Health and Safety Section |
| Leon Page | Canada Customs and Revenue Agency | Manager, Occupational Safety and Health |
| Jamie Gaw | Canada Customs and Revenue Agency | Senior Occupational Safety and Health Policy and Technical Advisor |
| Denis Guitor | Canadian Food Inspection Agency | Manager, Occupational Safety and Health & EAP |
| Dick Hanson | Canadian Forces Personnel Support Agency | Compensation & Benefits Officer, Administrative Division |
| Sharon McShane | Canadian Grain Commission | Chief Financial Officer |
| Sandy Haglass | Canadian Grain Commission | |
| Anne Wallis | Citizenship and Immigration | Director, Staff Relations, Human Resources Branch Finance and? |
| Ginette Rousie | Citizenship and Immigration | |
| Helene Francis | Clerk of the Senate | Director of Finance |
| Richard Ranger | Clerk of the Senate | Director Finance Directorate |
| Nicole Proulx | Clerk of the Senate | Manager Staff Relations |
| Helene Wittenburg | Correctional Services Canada | Project Officer, Employee Assistance, Safety and Health |
| Linda Davidson | Correctional Services Canada | |
| Colette Lauzon | Department of National Defence | Director, Civilian Compensation Services |
| Ron Day | Department of National Defence | |
| Drew Heavens | Environment Canada | National Safety and Health Coordinator |
| Donnie Bricault | Fisheries and Oceans | Chief, Occupational Safety & Health |
| Eddy Reitberger | Health Canada | Director, Corporate Services Branch |
| Michel McGee | Heritage Canada | Chief Accounting Finance Branch |
| Sylvie Wagner | Heritage Canada | |
| Carolyn Lemieux | Parks Canada | National Coordinator, Occupational Safety and Health |
| Lyne Huneault | House of Commons | Manager, Workplace Services |
| Robert St-Jean | Human Resources Development Canada | HRS/CSPC |
| Rachel MacLean | Human Resources Development Canada | |
| Eric Daoust | Indian and Northern Affairs | Corporate Staff Relations Officer |
| Jocelyne Pothier | Industry Canada | Departmental Occupational Health and Safety Officer |
| Brian Braceland | National Research Council of Canada | Manager: Occupational Safety and Health |
| Barbara Chartrand | Natural Resources Canada | Corporate Environment, Health and Safety |
| Pierre Marinier | Public Works and Government Services Canada | National Coordinator Case and claims Management |
| Adelle Slegtenhorst | Royal Canadian Mounted Police | PS Staff Relations Branch |
| Sandy McIntosh | Solicitor General | Director, Finance |
| Michel Gravel | Solicitor General | |
| Heather Pearl | Statistics Canada | Occupational Health Officer |
| José Derickx | Transport Canada | Acting Director, Staff Relations & OSH Policy |
| Patrick Fitch | Transport Canada | Occupational Safety and Health and Loss Officer |
| Gordon Lavoie | Veteran's Affairs Canada | Departmental Safety & Health Officer |
| Gilles Lepage | Veteran's Affairs Canada | |

# *Appendix D: Survey Questionnaire and List of Responding Departments*

***Evaluation of the GECA Workers' Compensation Cost Recovery Program***
***Survey Questionnaire***

ARC Applied Research Consultants is conducting an evaluation of the Government Employees Compensation Act (GECA) Cost Recovery Program implemented on April 1, 1998 for Human Resources Development Canada (HRDC) Labour Program and HRDC Evaluation and Data Development (EDD). The key issues for this evaluation are:

- Policies and procedures implemented to promote health and safety;
- Impacts on accident rates and compensation related to them;
- Overall impact of cost recovery on departments.

Data collected through this survey will remain confidential. Data will be aggregated in order to preserve confidentiality of individual or departmental responses. Should you have any questions please contact Mira Svoboda at (613) 230-4136.

**Please return all completed questionnaires by fax to ARC at (613) 232-7102.**

Name of your department or agency _____.

1a. How many full-time equivalents (FTEs) were employed by your department or agency?

In 1998/1999 [_____] # of FTEs
In 1999/2000 [_____] # of FTEs
In 2000/2001 [_____] # of FTEs

1b. If there has been a large change in number of FTEs (increase or decrease), could you please explain why?

_____

_____

_____

2. Was your department or agency allocated some funding from Treasury Board in relation to the Workers' Compensation cost-recovery initiative?

Yes ☐$_1$ No ☐$_2$ Don't Know ☐$_3$

3. Please check occupational health and safety policies and programs in your department or agency.

| | Had in place prior to April 1, 1998 | Implemented after April 1, 1998 | Plans to implement within the next two years |
|---|---|---|---|
| Occupational Health and Safety Committee | ☐1 | ☐2 | ☐3 |
| Occupational Health and Safety courses/seminars for employees | ☐1 | ☐2 | ☐3 |

| | Had in place prior to April 1, 1998 | Implemented after April 1, 1998 | Plans to implement within the next two years |
|---|---|---|---|
| Ergonomic assessments | ☐1 | ☐2 | ☐3 |
| Claims management program | ☐1 | ☐2 | ☐3 |
| Return to Work Policy | ☐1 | ☐2 | ☐3 |
| Occupational health and safety policies or programs specific to this department or agency | ☐1 | ☐2 | ☐3 |
| Other (please list) | ☐1_____ | ☐2_____ | ☐3_____ |

4. Is there a particular occupational health and safety program or policy that has resulted in a decrease in the number of work-related injuries or illnesses in your department or agency since April 1, 1998?

Yes ☐1 No ☐2 Don't Know ☐3

If Yes, please describe briefly. _____

_____

5a. After April 1, 1998, have your department or agency's costs related to Workers' Compensation claims been

Increasing ☐1 Decreasing ☐2 No change ☐3 Don't Know ☐4

5b. If there has been an increase or decrease, what could have been the cause(s)? Please explain?

_____

_____

_____

6a. Since April 1, 1998, has the number of accidents/injuries in your department or agency changed?

Increasing ☐$_1$ Decreasing ☐$_2$ No change ☐$_3$ Don't Know ☐$_4$

6b. If there has been an increase or decrease, what could have been the cause(s)? Please explain.

_____

_____

**Thank you for your comments. Please return completed questionnaires to (613) 232-7102.**

**Funded Departments**

Agriculture and Agri-Food Canada
Canada Customs and Revenue Agency
Canadian Grain Commission
Citizenship and Immigration Canada
Department of National Defence
Environment Canada
Fisheries and Oceans
House of Commons
Human Resources Development Canada
Royal Canadian Mounted Police
Senate of Canada
Transport Canada
Veteran's Affairs

**Unfunded Departments**

Atlantic Canada Opportunities Agency
Canadian Centre for Occupational Health and Safety
Canadian Environmental Assessment Agency
Canadian Human Rights Commission
Canadian Institute of Health Research
Canadian Transportation Agency
Federal Judicial Affairs
Immigration and Refugee Board
National Film Board of Canada
Office of the Auditor General of Canada
Security Intelligence Review Committee
Transportation Safety Board